FOR MYSORE STATE

DEVELOPMENT. (195) Department.

SERIES.

G.O. No.

Dated 26th April 1952.

[Despatch Abstract.]

Industries - Sugar - Progress of installation of factories under Postwar Plan - Revised results of four allottees - Revised figures - Reserves.

Government of Madras.

Public Works (Information & Publicity) Department.

Press note no.54, dated the 8th April 1952.

Under the Post war programme for the expansion of the sugar industry in Madras State, the Government are considering the question of the establishment of four sugar factories by private enterprise in the following areas:-

Area.	Daily cane crushing capacity.
North Arcot District.	800 tons.
South Arcot District.	800 tons.
Coimbatore District.	450 tons.
Tiruchirapalli-Tanjore area.	500 tons.

In view of the urgent need to make the State self-sufficient, in respect of sugar, the Government are anxious that these factories should be set up as quickly as possible. They will be prepared to consider the question of granting all reasonable facilities to the promoters for the establishment of the factories. Persons or companies with the necessary business experience and financial resources and who are anxious to start sugar factories in these areas in collaboration with the local cane growers without expecting financial assistance from the Government, may apply to the Secretary to Government in the Development Department, Fort St. George before 10th May 1952. The application should furnish inter-alia detailed information on the following points.

(1) Names of the promoters and their financial standing;

(2) Business experience;

(3) Proposed location of the factory; and

(4) The time within which they will be able to put up the plant and start manufacture of sugar.

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(TURE COPY)

V.N.MURTHY.25/11

Superintendent.

Examined by: A. Viswanathan 26.11.53

Read by: T.C. Sivalakshmi 26.11.53

[redacted]

Development (P.I.&B.II) Department.

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This file concerns the expansion of the sugar industry in the State.

Under the Factory Plan for the expansion of the sugar industry, five existing factories were permitted to expand their productive capacity and 10 new units were allowed to be set up as detailed below:-

Name of Party.	Quantity committed.
(A) EXPANSION OF EXISTING FACTORIES.	
1. The Sugarcane Factory of M/s Parry and Co.,	From 250 to 600 tons.
2. The Kirlampudi Sugar Mills Ltd.	From 250 to 600 tons.
3. India Sugars and Refineries Ltd., Bobbili.	From 250 to 600 tons.
3. The Sri Rama Sugar Mills Ltd. Bobbili.	From 250 to 600 tons.
4. India Sugars and Refiners Ltd. Nespet.	From 600 to 800 tons.
5. The Deccan Sugar & Abkhari Co., Ltd., Samalkot.	From 250 to 500 tons.
(B) NEW ALLOTTEE.	
1. The Etikoppaka Cooperative Agriculture and Industrial Society Ltd. (Vizagapatnam Dt.)	600 tons.
2. The Ramachandrapuram Sugars Ltd., (East Godavari Dt.)	600 tons.
3. The Kamala Sugar Mills Ltd., Udamalpet.	450 tons.
4. The Madura Sugars and Allied Products Ltd., Madurai.	450 tons.
5. The Cauvery Sugars and Chemicals Ltd., Namakkal. (Salem Dt.)	600 tons.
4. The Tamilnad Sugars Ltd., Villupuram. (S. Arcot Dt.)	800 tons.
[illegible]malai Sugar Mills Ltd., (S. Arcot Dt.)	800 tons.
[illegible]araja Reddi, Mailpatthy (N. Arcot Dt.)	450 tons.
[illegible]ra Sugars Ltd, Tanjuku, (W. Godavari Dt.)	600 tons.

10. Sri V. Naimutha Pillai, Pattukkottai (Tanjore Dt.) 500 tons.

The progress of the several sugar units is being watched in order to ensure early implementation of the projects. In May last year, it was found that some of the allottees had not made earnest efforts to set up the factories and it was felt that their allotments might have to be revoked and reallotted to more promising applicants. It was however considered that there were certain difficulties which were bound to be experienced by any promoter and that it would be desirable to wait and see if the new promoters selected in the place of Sri R. Devaraja Reddy, and the Ramachandrapuram Sugars Ltd, fared better. In the meanwhile, a conference of promoters of sugar factories, new and old, was convened in the Secretariat on 18-6-51 to find out what was retarding investment in sugar factories. The Conference was not particularly helpful, but the promoters were informed that if they did not hurry up, their allotments would be revoked. After waiting for a further 4 months, fresh reports were called for from all allottees. Reports have now been received in respect of all the units and they are noted on below:-

Of the five old factories permitted expansion, all except the India Sugars and Refineries Ltd, Hospet have implemented the expansion. The report of this factory on p. 223 c.f. may be perused. It is stated that certain items of plant and machinery required for the expansion have been bought and that the other items are expected to be procured and installed in about 2 years. The financial condition of sugar factories generally is very satisfactory and particularly in last year, taking advantage of the concession of free market sugar, factories have made large profits. It is clear therefore that want of funds is not the consideration in the case of the India Sugars. The Co., does not appear to have made up its mind about the expansion. For orders whether the expansion may be allowed to stand.

Among the allottees of new units, the Madura Sugars and Allied Products Ltd., started production in 1950, and the Andhra Sugars Ltd., Tamuku has commenced working with effect from this season (actually from 27th February 1952).

The Etikoppaka Cooperative Agriculture and Industrial Society Ltd., bought an Old sugar mill in U.P. last year. The entire plant has been dismantled and transported to Etikoppaka. Installation is in progress. The Society hopes to start crushing by the end of this month. Even if this expectation does not materialise, the factory is sure to go into production in the next season.

The Cauvery Sugars and Chemicals Ltd., Nanakkal, after hibernating for about 4 years, has roused itself to activity. With the help of Sri V. Ramakrishna of the K.C.P. Ltd., it has recently bought a site of 70 acres for the factory x in Gravendur village and has applied for import licenses for machinery. It has also put in applications for power supply etc. According to Company's expectations, the factory will go into production in about 18 months.

The permit originally given to Sri R. Devaraja Reddi was revoked nine months ago and instead the K.C.P. Ltd. has been selected to set up a sugar factory in the Chittoor district. Similarly the Rajah of Challapalle has been selected to establish a factory in the Krishna District, in he place of the promoter of the Ramachandrapuram Sugars. The new promoters have recently sent in their applications for import license for machinery. Their applications for capital issue are awaited.

The Tiruvannamalai Sugar Mills Ltd has not been able to make any headway, although permission for the project was given four years ago. Against the issued capital of Rs.50 lakhs, the Company claims to have secured subscriptions for nearly Rs.2 lakhs (whether n any part of it has actually been paid up, has not been reported.). The Co. has not bought a site; it has not also applied for import license or placed orders for machinery and its replies have been evasive and would seem to indicate little prospect of the promoters making a success of the venture in the near future. The Company's application for extension of time for capital issue w is separately under consideration.

The Kamala Sugars Ltd., Udumalpet has collected only about Rs.76,000 paid up capital. It has acquired a site of 16 acres for the factory and placed orders only for a turbogenerator from Japan, even to pay for which it could not find funds. It is reported to have arranged with Sri V. Ramakrishna of the K.C.P. Ltd., to have the turbo-generator cleared. Although it is now 5 years, the Company has not even made its application for capital issue it is considered doubtful that the Co., will be able to put up a better show in the near future.

The Tamilnad Sugars Ltd., Villupuram is another concern which has made no progress whatsoever for over 3½ years. The promoters have not so far collected any capital, site for the factory has not been bought, no license has been obtained and nor orders placed for machinery. The sanction for capital issue which lapsed long ago has not been renewed. Unable to do anything with the project themselves, the promoters seem to have approached Parrys, but the overture did not xxxxx apparently materialise. It seems a vain hope to expect this project to be implemented by the present allottees.

Sri V. Madimuthu Pillai, who was given permission in 1949 to start factory in the Tanjore district, has not so far taken any concrete steps in that direction. His replies, which have to be elicited from him with a great deal of persistence do not show that he is really interested or that he will be able to deliver the goods.

It would be evident from the foregoing note that the following promoters of new sugar factories have been merely pursuing a dog-in-the-manger policy with regard to their allotments:

1. The Tiruvannamalai Sugar Mills Ltd.

2. The [illegible] Sugars [illegible], Udumalpet.

3. The Tamilnad Sugars Ltd., Villupuram.

4. Sri V. Madimuthu Pillai, Pattukottai.

It is therefore for consideration whether the allotments in these cases may be revoked and reallotted to promoters with greater promise, after inviting applications through a Press Note as was done in the case of Challapalle and Chittoor K factories. The action taken in these two cases seems to have been justified by the progress made by the promoters.

Note from p. 16 above may be read. Ramardim-

expansion of existing factories the India Sugars& and Refineries, Hospet, may be asked to speed up the progress and implement the allotment within a period of six months on pain of cancellation of the allotment.

If four new allottes mentioned at [illegible] p. 1x above, do not seem to be very keen in implementing the allotments in ~~the~~ spite of warnings of cancellation already issued.

I agree. A last page may be done. P.J. 11/3

R C.S. May see. Further circulation does not appear necessary. J.M.L. 15/3

C.S. H.M's concerned may see. [illegible]

H.M. (Industries.) 17/3/

H.C.M. P.W.D. 18/3/

Ref: Orders in Circulation on previous page.

The letter on p. 27 c.f. in L.F. from the Ananda Sugars, Udumalpet, since received, may be perused. The letter does not seem to indicate any great promise and it is presumed that the orders already passed will stand.

Draft letters to the India Sugars and Refineries, Hospet and to the 4 concerns whose allotments are being cancelled are put up for approval. A draft press note inviting applications from new promoters is also put up. After the issue of the letters, the file may be go to Public Works (Information and Publicity) for perusal of the Draft Press Note before circulation.

J.M.L. 24/3/

Public Works (I & P) Department.

The press note has been seen in I & P. The case may be returned to Development for [illegible]

[illegible] Dept.

The draft Press Note below, which is self-explanatory, may now be circulated to H.M. (Industries), H.M. (L.R.) and H.C.M. for approval.

S.A. 1-4-52.

J.M.L. 2/4/52.

H.M. (Industries.) 3/4/

H.M. (Land Revenue) 4/4/

H.C.M. 4/4/

The case may be sent to P.W. (I & P) for the issue of of the Press Note.

7.4.52

P.W. (I &P) Department.

Issue.

7/4/52

The Press Note has been issued and five copies of the same are placed below. The file may now be returned to Development Department.

8.4.52 Development Department.

Development Department.

With reference to the Government of India on p. 213 s.f a draft reply indicating the progress of new Sugar factories in Madras is submitted for approval.

Draft for approval.

M.L. 19/4/

(Issued as Letter No. 112 D & B II/50-41 dated 10-4-52.)

The file relates to the progress of the sugar industry in the State.

Under the post war plan for the expansion of the Sugar industry five existing factories were permitted to expand their productive capacity and 10 new units were allowed to be set up. Four, out of the five old factories have given effect to the expansion while the fifth, India Sugars and Refineries Ltd., has been warned that unless expansion is implemented within six months, the permit is liable to be cancelled. Regarding new factories, the Madura Sugars and Allied Products Ltd, and the Andhra Sugars Ltd., Tanjore have commenced production. The Pattukkottai Cooperative Agricultural and Industrial Society is expected to start production in the course of this year. The Cauvery Sugars and Chemicals Ltd., Mannakkal is expected to complete the installation of the factory by the middle of next year. Sri R. Devaraja Reddi and the Ramachandrapuram Sugars did not take any steps to set up their units. Their permits were therefore withdrawn last year and reallotted to the K.C.P. Ltd, Madras and Sri S.R.V. Sivarama Prasad Bahadur of Challapalle. The applications of these allottees for import license are pending xxxxxxxx with the Government of India. The remaining four concerns viz., Sri V. Madimutha Pillai, the Kamala Sugar Mills Ltd., The Tiruvannamalai Sugar Mills, Ltd. and the Tamilnad Sugars Ltd did not make staisfactory progress and their allotments have been cancelled and a Press Note has been issued inviting applications from fresh promoters. The applications received will be dealt with separately.

No further action is pending in this file. The papers may be recorded with a call Book entry for furtheraction on 1-10-1952 with regard to the India Sugars and Refineries, Ltd., and to call for progress reports from the new allottees.

G.O. MS. No.1830 dated 28-4-1952.

INDUSTRIES - Sugar Progress of installation of factories under Post War Plan - Reviewed permits of four allottees - Revoked - Papers - Recorded.

(TRUE COPY)

V.N.MURTHY. 28/11

Superintendent.

Examined: A. Viswanathan 26.11.52

Read: T.C. Silalakshi 26.11.52.